GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:3909
ANSWERED ON:13.12.2001
INTEREST EARNED ON SECURITY DEPOSITS OF CYLINDERS
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether non-revision of throughput during 1998-99, on the basis of performance for the previous year, resulted in the over-payment of more than Rs.1400 crores to Oil Companies by the Oil Coordination Committee;

(b) if so, whether the OCC allowed undue benefit of more than Rs.1500 crores to Oil Companies (upto March 1998) by not reckoning the interest earned on security deposits of consumers for LPG cylinders; and

(c) the action taken for the recovery of excess reimbursement made to oil companies?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS AND MINISTER OF STATE IN THE MINIS PARLIAMENTARY AFFIARS (SHRI SANTOSH KUMAR GANGWAR)

(a): The retention margins allowed to the refineries under the administered pricing mechanism (APM) havebeen discontinued from 1st April 1998. Effective 1st April 1998 the refineries are being allowed prices for controlled products based on import parity irrespective of the actual throughput achieved by the refineries.

(b) & (c): Payment to the oil companies has been made as per the extant mechanism, under which the oil companies are allowed to retain the security deposit and no interest is surrendered to oil pool account in respect of these deposits. However, the C&AG in its report No.2 of 2000 (Civil) has made certain observations on this issue and the matter has been taken up with the C&AG for resolution.